

Where you look at the various income categories, the lowest 20-percent income category, next 20, next 20 up, and on up, and then we put a block here showing the top 1 percent income category. My point of showing this is on your bottom four income categories, the lowest 20 percent earners under the changes in Federal tax liabilities 2000 to 2005, this is the 2001 and 2003 tax cuts, the greatest beneficiaries under those tax cuts were the lowest income categories. The biggest beneficiary under those tax cuts was the bottom 20 percent. That is as it should be. The lowest income category should have the biggest impact, the most positive impact. You are seeing that in then the next lowest 20 percent, the bottom 40 percent here, then the 60, and then the 80 percent of lowest incomes.

Now you look at the top 20 percent earners, they pay an increase as a percentage of the Federal budget of taxes under these tax cuts in 2001 and 2003. And your top 1 percent is up 8.2 percent in terms of what they pay as their share of Federal taxes.

My point in saying this is, these tax cuts have worked as they should have. They have cut the overall tax rate for individuals, and particularly for lower income individuals. They have stimulated the economy, and they have shifted the tax burden to the higher end of the income distribution. When you say tax cuts for the rich, your really should be talking about tax cuts for most Americans and the percentage they pay. This is as it should be. This is how it was designed. So when people say we have done these tax cuts for the rich, we are not going to extend them, does this chart show tax cuts for the rich? I think it shows tax cuts primarily benefitting the lower 80 percent of wage earners and having a burden shifting to the top 20 percent of income earners. That is the design it should have. It has grown the economy overall. It has been the way we should go.

Yes, despite the tax relief measures that many tout as tax cuts for the wealthy, the share of taxes paid by the top 10 percent of income earners rose more quickly than during previous periods, including periods with higher top marginal tax rates. According to the most recent data, the share of all Federal income taxes paid by the top 10 percent has reached an all-time high of 73 percent. Let me say that again. According to the most recent data, the share of all Federal income taxes paid by the top 10 percent has reached an all-time high of 73 percent. You can see the trend line of what is taking place from 1979; the top 10 percent of income earners, 1979, the percentage of income taxes paid was below 50 percent. In 2000, 68 percent; now it is all the way up to 73 percent, as it should be.

Democrats talk about raising taxes on the wealthy, but fail to mention that not extending the tax relief measures of 2001 and 2003 will result in huge tax increases for all Americans, as this chart displaying average percent in-

creases in taxes by income levels shows. I wanted to show you this one. Low- and middle-income families will be the hardest hit by the scheduled tax increases that will occur in 2011. These families benefitted the most from a reduction in the bottom tax rate, from the child tax credit and marriage penalty relief contained in the 2001, 2003 tax relief measures. If the tax relief measures of 2001 and 2003 are not made permanent, families with \$50,000 in income will see their tax bills rise by 261 percent in 2011.

On the other hand, families with \$500,000 or more in income will experience a 12- to 13-percent rise in their taxes. Is that what you want for a structure of tax increases, putting the largest hikes on the lowest earning families and the smallest hikes on the upper earners? I don't think that is the way you want to structure tax increases. I don't think that is the way the American public would want to see that structured. I don't think the American people would want to see any tax increases. The average household will pay an additional \$1,833 under the Democrat's plan. Many will have their taxes rise by even more. Seniors, families with children will pay an additional \$2,000 or more. Married couples will pay an additional \$3,000. Small business owners will have their tax bills rise by more than \$4,000.

Another shortcoming in this budget is the failure to adequately address the growing burden that the AMT will place on many middle-income families. Although the AMT was enacted initially to prevent millionaires from avoiding taxes altogether, it will soon ironically affect a greater percentage of middle-income married couples with children than millionaires. Let me show this chart, the ones it is going to impact.

This says, middle-income married couples with kids will be more likely than millionaires to pay the AMT in 2010. Here is your married couples with kids, AGI of \$75,000 to \$100,000, 89 percent will be in the AMT; millionaires, 39 percent will be in the AMT. The AMT needs to go. I think we should go and offer an optional flat tax for the overall Tax Code and do away with the AMT altogether. You can see its disproportionate negative impact on families, not hitting its target and having an overall very negative impact on the economy.

Given the time I have left, I want to talk about a proposal we are going to put up in this budget and it is a bill on the CARFA commission, the Committee on Accountability and Review of Federal Agencies. It is something we have talked about before and we have had it up as a proposal in the Congress. I have had it up as a proposal and I have had a number of cosponsors. On the current CARFA bill, we have 24 cosponsors. I hope it will be a bill that my colleagues in the majority will look at and support. It is built on the BRAC Commission. I would note that

the BRAC Commission provided for a process to close military bases. Before we had BRAC, it was impossible to close a military base. Any time you wanted to close one, the people in that district, that State would fight you. You would never get any of them closed. We put together this BRAC process. They came up with a list of bases to close, and then they presented it to Congress. Congress got one vote up or down, close all of them, keep all of them, deal, no deal. Through that system, we have now saved the Federal taxpayer over \$65 billion from that process of closing military bases and consolidating them in a few areas, working toward greater efficiencies. It has been very successful.

What we need to do now as a part of the Federal budget is take that to the rest of the Government so we can close Federal programs that are no longer working.

I want to show you this report card of how successful is the Federal Government. This is the Federal Government report card, and this is done as a scoring by Federal agencies, where they score the effectiveness of various programs for hitting their intended target when they were started and for the budget they have been given. I want to note that if you gave a GPA to the Federal Government on accomplishments that it does with the money it has been given, the overall grade point average that the Federal Government gets is a 1.14 out of a 4.0 GPA. Now, that is not very good.

What happens—everybody knows this is what takes place—we get a program started, it gets funded, and it is never ended. It may be completely successful and all is accomplished, but the program continues because we do not do any sort of culling process at all. Then we want to do something new, but wait a minute, we did not do away with the old.

The BRAC process we are talking about putting on the rest of Government—this CARFA Commission—would put that process on the rest of Government and I think dramatically improve this GPA because now you start getting rid of programs that are no longer effective, just like when we had military bases that were in places that were there because of maybe the Spanish American War or the early wars in this country—completely out of position, no longer necessary but sustained because they had supporters in the system, even though they were not being effective.

Well, imagine if you take that system of protection and nonculling and apply it to the rest of Government. How many programs do we have that we have created over the 200-plus-year history of the country, and we have never done away with any of them? We have not even adequately evaluated their effectiveness. You can see why we would be able to improve the government's GPA score and be able to have more money to put in higher priority